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oviets mystify exporter

He doesn't know why he was told to close office in Moscow

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"... the real question is, who accuses me?"
— Joseph K., "The Trial" by Franz Kafka

By David Schrieberg
Staff Writer

Until this month, Raphael P. Gregorian considered himself a master of Soviet bureaucracy.

Through 14 painstaking years and 69 trips to Moscow, the Russian-born exporter amassed the savvy, cash and contacts indispensable to a Western broker trying to crack the mystifying world of Soviet trade. By his own reckoning, Gregorian has sold the Soviets some $80 million of laboratory, scientific and medical products since 1970.

Somewhere along the way, the normally cautious Gregorian tripped. He says he still doesn't know how or where.

"If Mr. Chernenko wants detente, this is a hell of a way to go about it," fumed the graying, portly businessman, surrounded in his Palo Alto office by Russian certificates of appreciation awarded him over the years by Soviet trade officials. "I'd like to know what I'm accused of."

On Nov. 10, Gregorian received a telex from the Protocol Department of the Soviet Ministry of Foreign Trade rejecting his application to renew accreditation for his California International Trade Corp. and ordering him to close the Moscow office by February 1985 for undisclosed violations.

A week later, a Soviet government newspaper, Izvestia, published an article calling Gregorian a "double-faced negotiator" linked to U.S. spying activities.

The action puzzles U.S. officials and Soviet specialists as much as it does Gregorian.

"This is the first time this has happened," said Val Zabijaka, an economist in the Soviet Affairs Division of the U.S. Commerce Department in Washington, D.C. "We don't know how to read it either. It's something brand new."

The Nov. 10 telex charges he violated unidentified articles of a book called "Reasons for Giving Accreditation to Foreign Firms." V. Dmitriev, who wrote the Izvestia article, accused him of passing liquor, goods and cash in an effort to get information unconnected to his business; selling low-quality products at inflated prices; sending bills for items never shipped; and smuggling forbidden literature in shipments to the port city of Murmansk.

Gregorian rejects suggestions he has any current connections with U.S. intelligence, although he claims agents from the Central Intelligence Agency contacted him several times in the 1960s when he was working in Western Europe.

"I vehemently deny any allegation as far as spying is concerned," Gregorian insisted. As for the CIA itself, a spokeswoman in Washington said the agency never discusses such allegations.

Gregorian said that the generous gift-giving to and information-seeking from Soviet citizens, comes with the territory for any Western businessman trying to develop and keep Soviet customers.

"You cannot do business in the Soviet Union without giving liquor and giving little things," he explained. "That could range from nail polish to a sheepskin coat. The big companies bring stuff in truckloads and of course give it quietly to the big shots."

The 55-year-old businessman is described by acquaintances and former employees as bright, capable and unlikely to risk the business he so carefully built by being careless.

"In my travels with Ralph, I observed him to be extremely cautious," said Herbert Dwight, president of Spectra-Physics Inc. of San Jose, a former Gregorian client who accompanied him to the Soviet Union in 1974. "He did not exhibit the flamboyant, cavalier attitude that you might connect with somebody who is out there trying to make a lot of random contacts."

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Born in Stalingrad — now Volgograd — to an Armenian-Iranian father and Russian mother, Gregorian and his parents moved to Tehran when he was 2. After the death of his father a few years later, his mother married a Christian Lebanese bank officer who sent him to Beirut to study.

Entered U.S. as student

He first came to the United States in his early 20s as a student, amassing degrees in Russian studies, math and engineering from the University of Michigan, University of Southern California, and University of California at Berkeley.

"That was the only way I could stay in this country and not go back to Iran," he said of his extensive schooling.

In 1957, he became a U.S. citizen and began working on the Peninsula and abroad for a variety of firms, including Sylvania Systems Group.

Because he considered himself a "lousy engineer," he switched to sales. That work first took him to the Soviet Union in 1968 and eventually prompted him to set out on his own. His fluency in five languages, including Russian, helped him find customers.

"I looked around and said 'My God, everybody's here. The French are here. The Germans are here. The British are here. How come the Americans aren't here?' "

In an era when detente was becoming a corporate buzzword, Gregorian set up a two-man firm in Palo Alto to locate non-strategic scientific and medical products needed by the Soviets. Most of those goods came from firms based on the Peninsula and elsewhere on the West Coast.

Year by year, he built up those exports and his personal value to the technology-hungry Soviets as a vigorous promoter of closer trade ties.

Hard struggle

"It was a hard struggle uphill because the Russians examine you very, very carefully before they put their trust in you."

Gregorian says medical equipment he sold the Soviets has been used to treat members of the Politburo, including late Soviet leaders Leonid Brezhnev and Yuri Andropov.

On December 10, 1982, Soviet officials granted his long-pending application for accreditation. He and several Soviet officials toasted the news together in Moscow.

Accreditation placed CIT among the 29 U.S. firms allowed to rent Moscow offices and apartments, employ Russian workers, install telephone and telex systems, and deal directly with their customers.

Another 1,000 American firms must work out of hotel rooms and depend on trade fairs to maintain contacts with customers.

By 1981, his sales to the Soviet Union totaled $10 million a year. He hired Siddhartha Bose, a Russian-trained Indian physician, as his Moscow agent.

In a telephone interview, Bose said he was baffled both by the Soviet decision not to renew the firm's accreditation and by the Izvestia attack. "If the article had something to do with the running of the Moscow office, I would have definitely gone and talked about it," with Soviet officials, he said.

Bose said he does not understand why the Soviets have singled out Gregorian: "That's everybody's question. It's very difficult to give any answers."

Officials at the Soviet embassy in Washington, D.C., the Soviet consulate in San Francisco and the U.S.-U.S.S.R. Trade and Economic Council in New York were either unaware of Moscow's decision or unable to explain it.

Several Soviet experts in the United States agreed the Soviet move was unusual. According to their theories, Gregorian unknowingly may have run afoul of an internal political struggle in the Kremlin; made contact with scientists whom authorities did not want him to meet; or that the Soviets are sending some kind of a signal to the Reagan administration.

But one specialist said the problems probably relate to Gregorian and not overall relations between the two countries.

"I think it likely in a case like that it's something specific to the situation and it's not a national policy," said Alexander Dallin, professor of history and political science at Stanford University.

Gregorian, meanwhile, is planning to fly to Europe Tuesday to try to unravel the mystery. He is considering suing Izvestia for slander and will contact acquaintances in Europe and the Soviet Union for further information. He also is talking about writing a book about the situation.

"Generally, when the Russians do something, they give you a hint first," he said. But this time, the rules apparently were changed.

"I think they have flipped."